15 FAM 330
LEASE PROCEDURES

(CT:OBO-38; 12-11-2013)
(Office of Origin: OBO)

15 FAM 331 *OPERATING* LEASES (*OL*)

(CT:OBO-38; 12-11-2013)

a. Posts must refer to 15 FAM 300 exhibits for *lease* contracting procedures.

b. USAID contracting officers must follow the standard contracting procedures outlined in Automated Directives System *(ADS)* 535 and 15 FAM 300 found *on the USAID website*.

15 FAM 332 *CAPITAL* LEASES (*CL*)

(CT:OBO-38; 12-11-2013)

a. *OBO considers a CL as* the *functional equivalent of a purchase of real property.* All *of the rent is budgeted up front instead of annually over* the *life of the* lease*. Such leases* may be *appropriate and* desirable under one or more of the following conditions:

   (1) When the post would normally buy such a property, but the fee simple title (full rights of ownership and transfer in perpetuity) is unobtainable by reason of legal or regulatory prohibitions of the host or municipal government; or

   (2) When *the advance payment of the lease cost is considered to be reasonable in view of the expected length of occupancy and the U.S. Government intends to make a substantial investment in* major alterations *to the building, its systems or structural elements, or add new space to the building, or* reconfigure *the* property to *meet its* needs.

b. *OBO* and *post need to perform the same due diligence on a property made the subject of a capital lease as they would for a property to be purchased*.

c. Normally, it is in the U.S. Government's interest to own or *execute a capital* lease *for* chanceries, residences *for ambassadors and deputy chiefs of mission*, and Marine guard *residences* because of the *expected lengthy occupation and* significant modifications required.

d. Real property capital leases funded with Department of State appropriations are managed and tracked in accordance with 4 FAM 737.5-1, Capital Leases.

15 FAM 333 THROUGH 339 UNASSIGNED